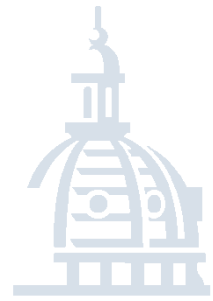


## Fiscal Note

*Fiscal Services Division*



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**HF 653** – Iowa Department of Revenue 2015 Tax Policy Bill (LSB1309HV)  
Analyst: Jeff Robinson (Phone: (515) 281-4614) ([jeff.robinson@legis.iowa.gov](mailto:jeff.robinson@legis.iowa.gov))  
Fiscal Note Version – New

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### **Description**

#### **House File 653:**

- Expands the definition of “livestock” as it is used for determining sales/use tax exemptions to include preserve whitetail deer (whitetail deer kept on a hunting preserve). This change is effective on enactment and applies retroactively to July 1, 2005.
- Expands a current sales/use tax exemption for certain all-terrain and off-road utility vehicles. This change is effective July 1, 2015.
- Modifies the Disabled Veteran Homestead Tax Credit by allowing an extension of the application deadline. This change is effective on enactment and applies retroactively to March 5, 2015.
- Provides a property tax exemption for agricultural land owned by a cemetery association and leased to another person. This change is effective July 1, 2015.
- Provides a property tax exemption for up to 50 acres of property owned by a religious institution or society that receives monetary or in-kind profits from the property. To receive the exemption, all monetary or in-kind profits must be used exclusively for the appropriate objects of the institution or society. This exemption applies first to assessment year 2016 (taxes paid in FY 2018).

The Bill makes Iowa Code section [25B.7](#) (State funding of property tax credits and exemptions) inapplicable to the property tax exemptions provided in the Bill for cemetery associations and religious institutions and societies.

### **Fiscal Impact**

**Division I - Whitetail Preserve Exemption** - The provision is retroactive to July 1, 2005. While the Bill prohibits tax refunds to taxpayers that remitted tax since that date, enactment of the provision will mean any taxpayer that has not yet remitted the tax on whitetail preserve deer purchases made between July 1, 2005, and June 30, 2015, will no longer have to remit the tax. The provision also exempts future purchases related to whitetail preserve deer from the sales/use tax. An estimate of the back taxes that are currently owed, as well as an estimate of the future taxes that will be collected from whitetail preserve deer purchases, is not known so a fiscal impact estimate cannot be completed at this time.

**Division I - All-Terrain and Off-Road Vehicles** - The Department of Revenue estimates the change to the sales/use tax exemption for all-terrain and off-road utility vehicles will reduce net State General Fund revenue by an estimated \$190,000 per year, and local option sales tax revenue by an estimated \$27,000 per year, beginning in FY 2016.

**Division II - Disabled Veteran Homestead Credit** - This provision amends [HF 166](#) (Disabled Veteran Homestead Tax Credit Act). The change will allow eligible veterans to apply for the credit through June 30, 2015, and receive the benefit as if they had applied by the normal due date for Homestead Tax Credit applications. The application deadline extension is projected to increase the FY 2016 State General Fund standing unlimited appropriation for the Homestead

Tax Credit by \$1.8 million. This fiscal impact is in addition to the \$560,000 FY 2016 impact cited in the [Fiscal Note for HF 166](#). The change in this Bill does not have an additional fiscal impact beyond FY 2016.

**Division III - Cemetery Association Property Tax Exemption** - This exemption applies only to agricultural land owned by a cemetery association and leased to another person. An average acre of taxed Iowa farmland pays \$23.71 per acre in property tax (FY 2015 average). For the property tax fiscal impact of the exemption to equal \$50,000 or more per year statewide, the impacted acres must exceed 2,100. This is not assumed to be the case. Therefore, this provision is projected to have an annual property tax impact of less than \$50,000 per year.

**Division III - Religious Institution and Societies Property Tax Exemption** - If a qualified institution is currently paying property tax on 50 acres of Iowa agricultural land, the tax savings for that single institution at an average agricultural tax rate of \$23.71 per acre is \$1,186. The taxes owed on an average nonagricultural acre of property are not known, so a tax savings on 50 acres of nonagricultural property cannot be calculated.

The number of acres currently owned by religious institutions or societies that are rented or otherwise used for profit is not known, and the number of acres that might be owned in the future is also not known. Therefore, a fiscal impact of this provision cannot be accurately estimated at this time.

#### **Sources**

Iowa Department of Revenue  
Department of Management property tax files

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/s/ Holly M. Lyons

May 4, 2015

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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